

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops; Workshop minutes are not approved by the City Council.**

MINUTES
CITY OF GLENDALE
CITY COUNCIL WORKSHOP
April 5, 2005
8:30 a.m.

PRESENT: Mayor Elaine M. Scruggs, Vice Mayor Thomas R. Eggleston, and Councilmembers Joyce V. Clark, Steven E. Frate, David M. Goulet, H. Phillip Lieberman, and Manuel D. Martinez

ALSO PRESENT: Ed Beasley, City Manager; Pam Kavanaugh, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

1. FISCAL YEAR 2005-06 BUDGET: 4TH WORKSHOP

This is a request for the City Council to review the Fiscal Year (FY) 2006-2015 Preliminary Capital Improvement Plan (CIP) and the recommended FY 2005-06 supplemental requests for operating and maintenance (O&M) costs related to capital projects coming on line in FY 2005-06. In addition, the Council will be presented with an update on Glendale's water resources, current and historical water demand, current treatment capacity, and the need for new treatment facilities, as well as an update on the status of various Parks capital projects. The Parks and Recreation Department's operating budget also will be addressed at this workshop.

The material to be covered was submitted to the Council with their council packets. The information is the same as that found in the FY 2006-2015 Preliminary Capital Improvement Plan, which was distributed to Council on February 15, 2005, and the CIP tab of the City Council budget workbook.

The capital and operating budgets that are part of the Glendale Onboard (GO) Transportation program will be discussed separately at a budget workshop on April 12, 2005.

Council's review of the FY 2005-06 budget is consistent with the Council's goal of ensuring the city's financial stability.

During FY 2003-04, the budget process was modified per Council's request. Some of the more significant modifications include the following:

- The Council now receives quarterly presentations on General Fund revenues and expenditures;
- The Council now receives periodic presentations throughout the year on enterprise fund issues, such as sanitation collection and the landfill tipping fees.

- The Council now reviews the proposed capital improvement program (CIP) budget at the same time as the operating budgets for next fiscal year, as evidenced by the inclusion of CIP operating and maintenance supplementals as part of the operating budget process; and
- The Council now reviews all supplemental spending requests as part of the operating budget process.

Future budget workshops are scheduled as follows:

- April 12, 1:30 – 5:00 PM
- April 19, 1:30 PM – 5:00 PM

The 1st budget workshop with the Council occurred on March 15, 2005. This workshop covered an overview of the FY 2005-06 general fund proposed budget, the recommended City Manager priority supplemental requests related to total compensation and risk management, as well as the supplemental requests for the Human Resources (HR) Department.

The 2nd budget workshop with Council occurred on March 22, 2005. This workshop covered the Fire Department, the Police Department, Homeland Security/Special Projects, the Appointed Officials Group, the Elected Officials, and the Internal Services Group.

The 3rd budget workshop with Council occurred on March 29, 2005. This workshop covered the departments that comprise the Public Works Group, the Community Information & Services Group (with the exception of the Parks and Recreation Department), and the Community Development Group.

The Council was given the preliminary CIP written report on February 15, 2005. This material will be discussed at the workshop on April 5, 2005.

The Council reviewed the FY 2005-06 General Fund revenue projection at the February 15, 2005, workshop.

The Council was given the FY 2005-06 budget workbook on February 28, 2005 for review prior to the scheduled budget workshop discussions. This workbook contains the following information:

- The City Manager's memo on the FY 2006 recommended operating budget (p.1-11);
- The FY 2005-06 General Fund budget balancing summary (p. 12); and
- The ongoing and one-time supplemental requests, including those related to new capital projects coming on-line in FY 2005-06, that are being recommended for funding from the General Fund, the enterprise funds, and all other funds.

The City of Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's direction for public services and operations and a better understanding of the city's ongoing needs for stable revenue sources to fund public services and ongoing operations.

The budget provides the Council and residents with a means to evaluate the city's financial stability.

All budget workshops are open to the public and are posted publicly per state requirements.

No decisions are required at today's workshop. Decisions on the proposed budget are not needed until the Final Balancing Budget Workshop on April 19.

Ed Beasley, City Manager, introduced the budget workshop by stating that today's workshop will address the preliminary 10-year capital improvement program (CIP) document. As part of this discussion, Gloria Santiago-Espino, Deputy City Manager for the Community Information and Services Group, will provide an update on parks-related capital projects. Other capital-related items scheduled for today's workshop include a discussion about the West Valley Regional Public Safety Training Facility, the Emergency Operations Center, and the utilities needs assessment. Any items not covered today will roll over to the next budget workshop, which is scheduled for April 12, 2005. He also stated that the GO Transportation program, including the capital and operating budgets for the program, will be addressed at the April 12, 2005, budget workshop.

Capital Improvement Program

Sherry Schurhammer, Management and Budget Department Director, began the budget workshop by stating that the capital improvement plan (CIP), as presented in the preliminary CIP document, is balanced financially. This means that the proposed 10-year plan complies with the state's constitutional capacity limits and voter authorization limits. It also means that the city can afford the debt service both on the bonds it has issued and on those that it plans to issue.

She said departments were directed to work closely with the Engineering Department to refine the estimated costs for the proposed projects already in the plan in order to reflect current construction market conditions. As a result, the costs of several projects have changed significantly.

Ms. Schurhammer said the city is in compliance with its property tax stabilization policy, which calls for keeping the total property tax rate constant at \$1.72 per \$100 in assessed valuation. This property tax rate has remained the same since 2000.

She said the city is in compliance with the state's Truth in Taxation Law because it shifted the growth in assessed valuation that was attributable to appreciation of existing property from the primary rate to the secondary rate. Consequently, a Truth in Taxation hearing is not required.

Ms. Schurhammer stated the CIP relies on several revenue sources for funding, with 17% coming from general obligation bonds, 29% coming from water and sewer revenue bonds, and 26% percent coming from the half-cent sales tax dedicated for transportation.

She reviewed actual changes in Glendale's secondary assessed valuation since FY 1994-95 and the projected growth for the future. She said the rate of growth has varied year to year, with some declines in the early 1990s, but the general trend has been one of growth. She reported the secondary assessed valuation for FY2005-06 is estimated to be \$1.27 billion, an almost 11% increase over FY2004-05. For the future, a 4% annual growth rate was assumed.

In a comparison of secondary assessed valuation per capita for other valley cities, Ms. Schurhammer said the west valley lags behind the central and east valley. However, as overall assessed valuations continue to grow aggressively in the west valley, and as more agricultural and vacant land in the west valley is developed, this situation could change in the future.

Ms. Schurhammer reviewed a summary of the proposed ten-year plan, pointing out that the total for FY 2005-06 is actually \$1.3 million less than the amount shown in the preliminary CIP document, primarily as a result of changes in the cost of pay-as-you-go (PAYGO) projects. Nevertheless, the estimated total cost of the FY2005-06 CIP is almost \$136 million.

She reviewed the types of capital projects that comprise the 6% category and the 20% category for general obligation bonds. She said the city's capacity is more limited in the 6% general obligation bond category because of the types of projects in that category – public safety, streets and parking, economic development, etc. However, the overall limiting factor in issuing more general obligation bonds is the city's ability to pay the debt service.

Vice Mayor Eggleston asked if the 6% category refers to 6% of the secondary assessed valuation for the city. Ms. Schurhammer responded yes. She explained that the secondary property tax is limited to paying the debt service for capital projects while the primary property tax can be used for general government operations.

Councilmember Clark asked if the city's limitation with regard to debt service refers to its total debt service or just the debt service for the 6% category. Ms. Schurhammer said the city is limited by its debt service on all debt backed by the secondary property tax. She noted that projects will have to be moved back in order to move forward any projects because the proposed CIP is maxed out on debt service.

Ms. Schurhammer discussed projects in the 6% category that make up the proposed capital plan for the first five years. In FY 2005-06, streets projects make up the largest component, whereas public safety projects make up the largest component throughout the first five years of the plan. She explained that the proposed CIP shows the city plans to do \$9.1 million in 6% category projects in FY 2005-06, of which almost \$5.5 million is for streets projects. She said the five-year total shows \$72.3 million, with \$40.1 million for public safety projects.

She also reviewed the 20% category, stating that the \$13.7 million planned for FY2005-06 will be almost evenly split between flood control projects and parks and recreation projects. She said the five-year total shows \$57.4 million, with \$31 million for flood control projects.

Ms. Schurhammer covered the bullet points shown on the slide "Capital Plan Highlights". She noted that the title of the transportation development impact fee fund was revised to roadway improvements to clarify that the funds are not for transit projects. She also said that estimated carryover amounts would be published in the final budget document for FY2005-06.

Ms. Schurhammer also reviewed two recommendations showing on the slide. One recommendation is to move \$6 million from the Western Area Regional Park project to a project called Future Park Development, which is planned for FY2008-09. The other recommendation is to move forward the West Branch Library from FY2007-08 and FY2008-09 to FY 2005-06 and FY 2006-07. She said Gloria Santiago-Espino, Deputy City Manager for Community Information and Services, would discuss the two recommendations after today's presentation on the West Valley Regional Public Safety Training Facility and Emergency Operations Center projects-.

West Valley Regional Public Safety Training Facility and Emergency Operations Center (EOC)

Craig Johnson, Assistant City Engineer, stated that the city's consultant has been working with the public safety officials from the west valley, Glendale Community College (GCC), the city's Field Operations Department, Arizona Public Service (APS), Salt River Project (SRP), and Southwest Gas (SWG) to identify needs for the facility through 2025.

He reviewed the site plan, stating it is an 80-acre site, encompassing a 275,000 square foot facility. He explained the various sections of the facility, stating that there will be a main entrance into the site that will include classrooms, an auditorium, a gymnasium, the central plant, dorms, a cafeteria, and retail space. He said another section will be primarily for the Fire Department and will house various fire training props and equipment, a simulated fire station, a driving track, classrooms and various simulators. He said a third area of the site will be for the Police Department, and will include a training area with a simulated village, a K-9 training facility, and a firing range. He said the last area of the site would consist of a driver's training track as well as bleachers and amphitheater training areas.

Councilmember Martinez asked about hazardous materials training. Mr. Johnson confirmed the facility would include classroom space for hazardous materials training.

Councilmember Goulet asked if the two water pools would be decorative in nature or used for water rescue training. Mr. Johnson said the pools would be used for swift-water rescue training.

In response to Councilmember Lieberman's question, Ms. Schurhammer explained that there was \$1.5 million included in the FY2002-03 capital budget that was carried over to the current fiscal year's budget, plus another \$3 million in the FY2004-05 capital budget, for a total budget so far of \$3.5 million. She stated that the \$3.5 million would be used to construct the Agua Fria River levee and the development of a

master plan document to guide development of the site. Mayor Scruggs asked about carryover. Ms. Schurhammer said that approximately \$3 million of the \$3.5 million remains unspent and would be carried over to FY2005-06.

In response to Councilmember Frate's question, Mr. Johnson said the levee will be a reinforced, nine-foot thick wall of dirt and concrete that is designed to protect the facility from floodwaters when the Agua Fria River expands beyond its channel. It will be about a half-mile in length. He stated that the new levee would tie into the original levee that was built for the city's Materials Recovery Facility (MRF).

Councilmember Lieberman asked if the facility would be affected by the underground river that runs along the east and north sides. Mr. Johnson stated the levee would protect the facility from surface water. He noted the site would be required to handle its own storm drainage.

Councilmember Martinez asked if the firing range would be underground. Mr. Johnson responded no. Councilmember Martinez asked if any houses are located in the area that could be impacted by the firing range. Mr. Johnson said the Country Meadows area, which is northeast of the site, is the only residential community in the area. He said the firing range would be designed to contain the noise and prevent bullets from ricocheting outside of the firing range.

In response to Councilmember Clark's question, Ken Reedy, Deputy City Manager for Public Works, explained that effluent water at the city's effluent recharge facility goes straight down and builds a mound, at which point it moves laterally in all directions, but somewhat to the northwest because of the 'Luke Sink' depression. Councilmember Clark asked how the training facility would be protected from the water as it continues to spread in all directions. Mr. Reedy said the training facility would not be affected because the bottom of the training facility's site is actually above the bottom of the landfill.

Councilmember Lieberman asked when the firing range would be built. Art Lynch, Deputy City Manager for Special Projects/Homeland Security, said construction of the facility would begin in July 2005, with the EOC components constructed first.

Mayor Scruggs asked about the cost of the levee and Mr. Johnson said the levee would cost \$3 million and is expected to be constructed by the end of calendar year 2005.

A slide listing main components of the EOC was shown. It showed a budget of \$500,000 for FY2005-06. As part of the discussion about this slide, Mr. Beasley asked representatives from the Fire and Police Departments to explain the importance of the EOC.

Mark Burdick, Fire Chief, said there is a critical need for an EOC to be operational 24-hours a day, seven days a week, not only for major events but also for seemingly minor events. As an example of the latter, Chief Burdick talked about the tire fire that occurred in Phoenix a few years ago. The tire fire created potentially dangerous smoke levels at ground level, resulting in a number of smoke inhalation problems among area residents.

In a situation like this one, Chief Burdick said an EOC allows the city to bring together key staff members from various city departments to make informed, comprehensive strategic decisions about how to handle critical incidents. He said the EOC also works well for large-scale events like a Super Bowl or Fiesta Bowl because it facilitates more efficient and effective city operations.

Mr. Lynch discussed the FY2005-06 budget of \$500,000 for the EOC that is included in the proposed capital improvement program. Additional funds are planned for the future, with \$6.5 million in FY2009-10, and \$79.8 million in FY2011-15. Councilmember Lieberman said the \$500,000 in FY2005-06 would pay only for the architectural design of the facility. Mr. Lynch agreed. He explained the regional training facility and EOC would have regional shareholders to share in the cost of the facilities and therefore he is looking at a regional funding mechanism - as opposed to Glendale taking on the full financial responsibility - to pay for the construction costs.

Kristen Skabo, Deputy Director of the Intergovernmental Affairs Program, said a similar presentation was made at a meeting of west valley mayors and city managers in February 2005, and additional meetings were held with the cities as well as potential private partners such as SWG, SRP, APS and GCC. She said SWG, SRP, APS, and GCC have indicated their intent to partner with the City of Glendale on the project. She said the estimated participation cost for each potential partner was based on the expected number of training recruits that each entity would send through the facility. Ms. Skabo said the potential partners have until June 30, 2005, to prepare a memorandum of understanding that shows their commitment to partnering. Ms. Skabo said Congressman Trent Franks has agreed to submit a request for federal funding.

Councilmember Lieberman said he hoped the EOC would be fully operational before the Super Bowl.

Councilmember Clark asked about the partnering opportunities with other entities and whether the projects could be accelerated in the CIP. Mr. Lynch said follow up meetings with managers and financial officials have been scheduled to obtain firm commitments. He said staff could look at the various financing mechanisms that could be used to accelerate the projects as quickly as possible. He noted some of the parties have already gone through the requirements for bond elections and such.

Councilmember Clark asked why the city couldn't design the entire facility at the same time, allowing the city to proceed with construction as soon as funds become available. Mr. Lynch said they are doing that in terms of the consortium of partners involved. He explained the other cities' submissions of their respective training needs would allow the sizing and design of the training facility to be completed simultaneously with the design of the EOC. Councilmember Clark asked when the design for the entire training facility would begin. Mr. Johnson said construction of the EOC would be completed by December 2006 if design of the EOC begins this June.

Mayor Scruggs said the Fiesta Bowl draws as many people and creates as much commotion as the Super Bowl, stating that the 2006 deadline is extremely important given that the Fiesta Bowl and Bowl Championship Series games are scheduled for January 2007.

Councilmember Lieberman asked about funding for the project. Mr. Lynch said the full cost of the project is not included in the proposed capital budget because much of the funding is expected to be provided by the various partners. Councilmember Lieberman asked if any homeland security funds could be used. Ms. Skabo said the Local Law Enforcement Terrorism Prevention Grant is the only grant she knows of that could be used, but those funds have already been allocated for the year. Mayor Scruggs said Arizona's Homeland Security Regional Advisory Committee needs to have a policy discussion about whether homeland security grant dollars would be used for emergency operations centers. She said she doubts any action would be taken prior to the construction of Glendale's EOC.

Councilmember Clark asked if Glendale has a backup plan should one or more of the potential partners fail to provide the expected funding.

Mayor Scruggs said the other cities probably would not fund an EOC.

Councilmember Clark asked about the funding for the EOC. Specifically, she asked where the project is shown in the preliminary capital plan under consideration.

Mr. Lynch said he foresees the use of a Community Facilities District structure or a lease purchase funding mechanism. He said other funding mechanisms could be considered as a backup, but the key is to begin the design of the building immediately.

Councilmember Clark said the city's 6% general obligation bond capacity is limited, so she asked if the city would need to use a CFD structure. Mr. Lynch answered yes.

Councilmember Lieberman asked whether the roof of the building would be easily removable to allow for the addition of another story. Mr. Johnson said this kind of issue would be addressed during the design phase of the project.

Councilmember Martinez asked how the funds would flow with a CFD structure. Mr. Lynch said the city would pay for those costs that are solely its share of the overall costs. He explained that the CFD structure does not require the use of the city's 6% or 20% general obligation bond capacity. He further explained that this kind of structure is an excise-tax based security, which means the debt service obligations are paid by general fund tax revenues used for the city's operating budget. He said the debt service payments would not begin until FY2006-07. He explained that the CFD structure would be similar to a Municipal Property Corporation (MPC) structure except that the city would not have direct liability for the debt service payments.

Vice Mayor Eggleston asked if the EOC is in any way dependent upon construction of the training facility. Mr. Johnson said the two facilities are tied together since they will be in the same facility. Vice Mayor Eggleston expressed his opinion that time is of the essence.

Mr. Beasley said he wanted to reiterate a few key points. First, he said Glendale would have the need for the training facility and EOC regardless of whether other cities participate. Second, he said the plan is to build the facilities to Glendale's needs. Third, he said Glendale has established a process to identify possible funding sources. Specifically, he said the potential partners have a deadline of June 30, 2005, to respond to Glendale about their willingness to participate in the project. He noted that Glendale already has a commitment from Glendale Community College.

Mayor Scruggs asked if the city has the option of moving back some of the other proposed projects in the 6% general obligation bond category in order to move forward the EOC. Ms. Schurhammer responded yes. She said the secondary property tax revenue could be used to fund the construction of the EOC. While the city has some capacity under the state constitutional limit in the 6% category, the most limiting factor is the city's ability to pay the debt service. Therefore, in order to move forward the EOC in the capital plan, other projects in the 6% or 20% category would need to be moved back in order to free up room to pay the debt service on the EOC.

Councilmember Lieberman asked about the facility's cost per square foot. Mr. Johnson said the consultant estimated the cost to be \$600 to \$800 per square foot. He explained that the cost of the hard wiring required for security, the redundant systems and the high tech communications are driving the cost of the facility. He said the facility is estimated to cost \$8.5 million.

Councilmember Lieberman suggested they add a complete review of the funding sources available for the EOC to the final budget hearing.

Councilmember Clark asked whether MPC or lease purchase financing is being considered because these types of financing give the city more flexibility in terms of structuring the debt payment. She also asked Mr. Lynch if he is confident that growth in General Fund revenues over the next two years would be sufficient to cover the additional debt service requirements of the EOC if MPC or a lease purchase financing is used. Mr. Lynch responded yes.

Vice Mayor Eggleston said he would like to have another workshop session on this topic.

Mayor Scruggs asked if the entire training facility would be built with someone else's money. Mr. Johnson explained that staff has identified the user group and developed a phasing program for the project based on the in-service and recruitment needs for the entities identified. He said the first phase goes through 2009 and equates to about \$42 million. He stated Mr. Lynch is working with the user group so they can proceed with the design.

Mayor Scruggs asked if there is a timetable for building the facility. Mr. Lynch said the buildings included in Phase I should be complete by FY2009-10. Councilmember Clark said the city has to have a training facility to meet its needs, regardless of whether other cities participate or not. She said the training facility could expand to meet the needs of other entities that choose to partner with the city. She asked about the cost to build a basic facility that would meet Glendale's needs.

Mr. Beasley explained that the city already has partners with the financial means to assist in paying for the design. He stated that the city will decide how large the facility needs to be once the June 30, 2005, deadline is reached. He stated the EOC is the priority and the training facility will be built in phases. Councilmember Clark stated that she would hope the city could immediately proceed with the design so that construction can proceed as soon as money is available.

Vice Mayor Eggleston reiterated his belief that the training facility and EOC are tied together, stating that they need to be designed at the same time.

Ms. Kavanaugh, Assistant City Manager, said staff would review the proposed CIP projects, as shown in the preliminary CIP written report, and put together a list of several projects to consider pushing back. She said staff would present this information to Council at the April 19, 2005, budget workshop.

Station 151 Relocation

Ms. Schurhammer explained the capital project called Station 151 Relocation. She said the project would move the current fire station located at 55th Avenue and Orangewood to a new location at 52nd Avenue and Lamar. She said the FY2006-07 budget is \$4.9 million, with an increase of \$104,525 in operating and maintenance costs, which are expected to commence in FY2007-08.

Mayor Scruggs asked whether it was more important to complete the Station 151 relocation project when compared to the EOC and training facility, noting that both projects are competing for limited 6% general obligation bond category monies. Chief Burdick said the station relocation project is critically important. He said not moving the station would mean the surrounding area would continue to receive less than optimal response times for calls for service. He also said the Station 151 project accomplishes two goals: improving the response times for the surrounding area and eliminating the need for an additional fire station originally planned for the 51st Avenue and Maryland Avenue area. Nevertheless, Chief Burdick stated that he believes the EOC is extremely critical to the organization.

Mayor Scruggs asked Chief Burdick to compile information concerning Station 151's current response times. She noted that the relocation project equates to about 60% of the cost of the EOC. Councilmember Clark asked Chief Burdick to include automatic aid response times in the information he compiles.

Councilmember Clark suggested Council take a look at proposed projects in both the 6% and 20% general obligation bond categories since the immediate limitation is the ability to pay debt service, not remaining capacity in the 6% category.

Mayor Scruggs agreed Council should look at all of the projects.

Councilmember Lieberman how the dedicated sales tax for police is used and whether any of that revenue could be used for the EOC. Ms. Schurhammer said this revenue source is limited to operating costs. Chief Burdick noted that the revenue is fully used each year for dedicated operating costs.

Parks and Recreation

Gloria Santiago-Espino, Deputy City Manager for the Community Information and Services Group, thanked the Council for its support of the departments comprising the Community Information and Services Group.

Ms. Santiago-Espino updated Council on the status of current and completed capital projects. She stated that the renovation of the pool at Glendale Community College is completed, noting it will be open for recreational swimming and swimming lessons this summer. She said the Rose Lane Aquatic Center is under construction. She said three contract awards would come before Council on April 12, the Desert Valley neighborhood park, the 63rd Avenue and Northern community park, and Murphy Park

reconstruction. She said the construction contract award for the Foothills Recreation and Aquatic Center would be brought before Council on April 26. She also said that the ground breaking for the Foothills Recreation and Aquatic Center is scheduled for late April.

Ms. Santiago discussed options for the regional park at 83rd Avenue and Bethany Home Road. She said the project was moved from FY2008-09 to FY2005-06 and FY2006-07, per discussions with Council during the budget workshops that occurred in March and April 2004, because of the potential that it would be the site of the National Football League Experience in 2008. Since those discussions during the March and April 2004 budget workshops, representatives from the NFL have looked at the site and indicated that they like the open, ample space. She stated city representatives have visited sites of other NFL Experiences in the nation and agree that the openness of the existing space works in the city's favor. Therefore, she said staff is asking Council to consider installing just the underground and above ground infrastructure on the site, which is estimated to cost about \$3.8 million, and delaying the construction of the park facilities to some time after the Super Bowl in 2008. She explained that the balance of the funds allocated for the regional park could be allocated to future citywide projects in FY 2008-09.

She said staff also is asking Council to consider moving forward the construction of the West Branch Library, which currently is shown in the preliminary CIP for FY2007-08 and FY2008-09. She said the project will address a community need and a growing population, noting the standard service level for branch libraries is a population of 35,000 and, according to the Planning Department, the west area reached a population of 35,000 in late 2001 or early 2002. She stated that the majority of residents who would use the branch would live within a one to two mile radius of the proposed site for the West Branch Library. She reported the library was the number one amenity identified by area resident during the 2001 public meetings. She also said that constructing the library now rather than later would allow the city to maximize the dollars budgeted for the project.

Vice Mayor Eggleston said the West Branch Library has an estimated operating impact of \$2.4 million per year, while the estimated operating impact for the new Velma Teague library project in FY2011-15 is about half that amount at \$1.35 million. Ms. Santiago said the Velma Teague library project represents an expansion of existing operations, whereas a new branch library would have startup costs that result in higher initial operating costs.

Mayor Scruggs asked why the West Branch Library costs \$2.5 million per year to operate. Rodeane Widom, Library Director, explained that most of the staff and materials budget are already in place at the Velma Teague library, whereas the new West Branch Library is an entirely new facility. She said Library staff would use the Foothills Library as a model for setting up the staff and operations of the West Branch Library.

Mayor Scruggs asked about the operating costs of the Main Library. Ms. Widom said the Main Library's budget is about \$4 million, noting that many of the Library Department's primary functions occur at that location. Mayor Scruggs asked if the proposal to accelerate the library took into account the General Fund payments that would be required to pay for the EOC. Ms. Santiago said the proposal was made independent of the EOC project.

Councilmember Martinez asked if the contract award for the Foothills Recreation and Aquatic Center would come to Council with the add-alternates. Ms. Santiago said the project's scope of work has been impacted by the high cost of construction. Consequently, the construction budget for the project is short approximately \$1.3 million and therefore some of the add-alternates were eliminated. Councilmember Martinez said that the elimination of some add-alternates was not acceptable. He said the center has been in the CIP for over ten years and the subject of several delays. He said his patience and the patience of his constituents is wearing thin. He referenced the minutes from the Council's March 23, 2004 budget workshop, stating Mr. Johnson said staff recommended the 88-acre Western Area Regional Park be moved from FY2008-09 to FY2005-06 and that the project was being accelerated because of the Super Bowl. He said that he believes the west area of the city does not need an 88-acre park, suggesting 38 acres would be sufficient. During that same meeting in March 2004, he said he specifically asked if accelerating the Western Area Regional Park project would impact the timing for the Foothills Recreation and Aquatic Center and was told by Ms. Schurhammer that other projects would not be pushed back if the Western Area Regional Park was accelerated to FY 2005-06. He said, while the Foothills center has not been pushed back, it has been adversely impacted in terms of the add-alternates. He stated that both projects are funded with general obligation bond funds and it is only fair that the Foothills Recreation and Aquatic Center, which has waited a long time, be allowed to proceed as planned. He appealed to the Council for equity.

Councilmember Goulet said everyone wants projects and every year there are one or two issues that sway what the Council decides. He said recreational amenities are viewed by the citizens as being critical because they are things they hope to use or interact with on a regular basis. He stated that the EOC is not on anyone's radar screen until something happens. He said Council must find a way to prioritize the projects so the city can proceed with the EOC as well as some of the other amenities since they affect how the city is perceived. He noted people in his district have been crying for years about the adventure park at 63rd Avenue.

Mayor Scruggs stated one of the options presented in response to the rising costs of renovating older parks is to put fewer amenities in the parks. She said she has a problem with that because some of the parks are quite old and have not had much attention over the last 20 years. She stated the city is willing to build everything new to the highest standard, but it should not come at the expense of the older parks. She questioned whether a decision to do or not do add-alternates for the Foothills Recreation and Aquatic Center can be made without first revisiting the business plan for the facility, noting that staff is suggesting the elimination of some of the amenities and attractions that were anticipated to generate revenues to cover the facility's operating and maintenance costs.

Councilmember Clark said the library was originally scheduled to be built in 2006, but was later pushed back to 2008. She expressed her opinion that staff's recommendation is equitable, allowing the library to move forward to FY2005-06 and FY2006-07, and taking the balance of the funds that would have been used for the Western Area Park and allocating them to other parks projects city-wide. She stated that most other elements of the park have been pushed back because the one critical need identified by the residents was a library. She said they cannot look at eliminating any one project and that any changes that need to be made to find funding for the EOC should be shared equitably throughout the city. She said meeting the population

criteria was a valid argument when Council considered the Foothills Library and she believes it is a valid argument in this case as well.

Councilmember Martinez asked about progress on the West Area Pool project, and whether monies are programmed for it in FY2005-06. Ms. Santiago said the FY2004-05 budget book shows funds budgeted for FY2004-05 and FY2005-06 for the pool, but the project has not started because of the absence of required infrastructure. Councilmember Martinez said construction of the infrastructure has not yet begun. Ms. Santiago agreed, stating that the proposal she presented today would allow construction of the infrastructure to proceed next fiscal year, with completion expected in the spring of 2007.

Councilmember Martinez referred to pages 93 and 95 of the preliminary CIP report, stating it appears that the West Area Library is listed twice with two different figures. Ms. Schurhammer explained that the cost of the library project is split between two different funding sources, development impact fees and general obligation bonds.

Mayor Scruggs agreed that population is one of the criteria used when determining whether or not a library should be constructed. She said, however, that the Foothills Library was proposed for a location seven miles from the closest library, while the West Area Library is only three miles from the closest library. She said Councilmember Martinez has called for the aquatic center for several years, but the city was not able to build the center because it could not afford to operate it. She said staff then came up with the idea of having people pay to use the facility and the project was placed into the capital plan. She said that the impact on the General Fund operating budget is an important factor in determining which projects should be done. She expressed her concern that the city is faced with a collision of operating expenses that are scheduled to occur in FY2006-07 and FY2007-08.

In response to Councilmember Clark's comments about sharing the burden, Councilmember Martinez said they have had more than their share. He clarified that the add-alternates for the Foothills Recreation and Aquatic Center that he referenced were part of the original plan and then were later taken away.

Councilmember Clark stated they are not moving the library up, but restoring it to its original CIP position. She said, perhaps Councilmember Martinez's district does share the pain, but there is more than enough acreage of developed parkland in the Cholla district. She said, conversely, the Ocotillo and Cactus districts have very little useful park acreage. She said park acreage in the Yucca district includes retention basins, noting that actual developed park acreage equates to only 30 to 40 acres. She agreed the proposed library is only three or four miles from the Velma Teague library; pointing out, however, that the railroad tracks lie between her district and the Velma Teague library. She stated there are numerous good and valid reasons to proceed with the West Area Library.

Mayor Scruggs referred to the pages behind tab 2 in the binder that the Parks Department provided regarding park amenities in each council district. She said the information in tab 2 shows that the Barrel District had eight parks totaling about 36 acres once acreage associated with golf courses, retention basins, and the Sahuaro Ranch Regional Park are subtracted. After subtracting the Rose Lane community park, she said the Cactus District has 10 parks totaling about 44 acres. She said the Cholla District has 10 parks with 40 acres. After subtracting acreage for the Foothills

Regional Park, open space retention, the Skunk Creek Linear Park, and the Thunderbird Conservation Park, she said the Ocotillo District has 16 parks and 45 acres (not including retention basins and Murphy Park), whereas the Sahuaro District has 15 parks and 75 acres once retention basins, the Paseo Racket Center and Park, and the Thunderbird Paseo are excluded. After subtracting the acreage for the Desert Mirage Golf Course, the Grand Canal Linear Park, retention basins, and Phase I of the Western Area Regional Park, the Yucca District has nine parks and 41 acres. She agreed the West Area Library would serve an increasing population, but the issue is whether or not the city has the ongoing funds to operate the facility.

Mayor Scruggs explained they have to be out of the room by 11:30 because of another meeting scheduled for 12:30 p.m.

Mayor Scruggs asked about the net financial benefit of accelerating the West Area Library. Ms. Santiago said approximately \$6.1 million would be made available for park improvement projects on a citywide basis in FY2008-09. Mayor Scruggs asked if any funds would be available in the coming fiscal year to address older parks. Ms. Santiago said there is \$1.7 million from the West Area Pool that is available because the pool project cannot proceed until the underlying infrastructure is completed as part of the Western Area Regional Park project. In addition, there is approximately \$1.5 million left over from the new Glendale Adult Center project as a result of construction costs coming in under budget.

Mayor Scruggs noted that two other 10-acre parks would be built and completed in FY2005-06 in the Yucca District.

Councilmember Martinez asked if the funds Ms. Santiago referenced could be used for the Foothills Recreation and Aquatic Center add-alternates. Ms. Santiago said the funds are not committed to projects and therefore they could be used for the add-alternates if that was Council's decision.

Councilmember Lieberman stated that he would like the expansion of the new Glendale Adult Center accelerated. Ms. Santiago said staff would have to obtain engineering estimates for the second floor, but those funds could be used for the expansion if they were adequate to cover the cost.

Vice Mayor Eggleston agreed with Councilmember Martinez that the Foothills Recreation and Aquatic Center was promised to the citizens in 2003. He noted the Park and Recreation Commission was not pleased when it was told the smaller park projects would have to be put on hold to prepare for the NFL Experience.

Councilmember Clark asked if the \$1.7 million from the West Area Pool and \$1.5 million from the new Glendale Adult Center are general obligation bond funds from the 6% or 20% category or development impact fee funds. Ms. Santiago said parks projects are in the 20% category. Councilmember Clark asked if the \$3.2 million could be used for the EOC. Ms. Schurhammer said no because in both cases the bonds have been issued specifically for parks projects and therefore the funds cannot be used for a public safety project.

Mayor Scruggs directed staff to return to Council with more information so Council can effectively prioritize capital projects.

Councilmember Lieberman noted the NFL did all of the paving in Jacksonville for the NFL Experience, suggesting the city approach the NFL for a contribution toward the park. He asked how much will be needed in next year's budget to allow the park to meet the city's needs as well as the NFL Experience requirements. Mr. Beasley the NFL will not participate in long-range improvements to parks. He further clarified that the \$3.8 million for infrastructure is not essential to the NFL Experience.

Mayor Scruggs noted that the NFL has not yet chosen the Western Area Park for the NFL Experience.

Councilmember Martinez asked if it is necessary to spend the entire \$3.8 million when part of the infrastructure would not be needed until later.

Mayor Scruggs asked for confirmation that the \$3.8 million would cover the cost of infrastructure for the entire 88-acre site of the Western Area Regional Park, West Area Library, and West Area Pool and would include roads, water, sewer, and electricity. Ms. Santiago-Espino said yes.

The meeting recessed at 11:30 a.m.

The meeting reconvened at 12:30 p.m.

2. HOTEL & CONFERENCE CENTER

CITY STAFF PRESENTING THIS ITEM: Art Lynch, Deputy City Manager

OTHER PRESENTERS: Hammons Hotels: John Q. Hammons, Chairman and Chief Financial Officer, and Scott Tarwater, Senior Vice President; and Steve Minton, Architect

This is a request for the City Council to provide direction to staff following a presentation on a proposed hotel and conference center.

The proposed project has the potential to enhance the quality of life for Glendale residents, while promoting economic development.

Staff is seeking direction from the Council to move forward with negotiations.

Mr. Hammons stated in the 1950's and 60's the markets for large conventions were New Orleans, New York, Chicago, Miami, and San Francisco. He said, however, he chose to build hotels all over the south in areas where cities were growing because of new industry. He said they are proposing to build a 320-unit hotel and 80,000 square foot conference center west of the Arena on the corner of 95th Avenue and Coyote Boulevard.

Mr. Lynch stated they are excited about the partnership opportunity with Hammons Hotel. He explained the hotel will be privately financed and privately owned by Hammons Hotels and the proposed project is in accordance with the planning the Council has done in terms of Westgate. He noted Mr. Hammons was named Independent Hotel Developer of the Year last year and has been recognized in a number of manners by the hospitality industry. He said Mr. Hammons has over 1.8

million square feet of meeting and convention space and owns hotels in 40 states. He showed examples of facilities Mr. Hammons has built in the past, pointing out the quality of their design and development.

Mr. Lynch said the city has an opportunity to partner with Hammons Hotels to bring a project that adds a hotel and other amenities that will draw people to the arena and stadium. He stated Ellman is an important partner in the project, having provided some of the land. He explained the Municipal Property Corporation financing structure will be supported by the various taxes generated by the project, the city sales tax, the construction tax and the primary property tax, as well as parking revenues and revenue generated by other conference center activities. He noted a minimum of one-quarter of the debt service for the conference center would be the responsibility of Hammons Hotels. He explained they are looking at a Renaissance Hotel and Spa. He stated, while the hotel will be privately financed, the city and Hammons Hotels would work in partnership with regard to the Conference Center, both in the sharing of the debt service and in the management of the conference center and parking garage. He stated the parking garage would be publicly financed in order to provide spaces available to all of the events occurring at the various venues. He explained the city is investigating partnership opportunities with regard to the cable studio and media center which could be included as a component of the conference center construction. He stated the Ellman Companies will be involved in providing land for the hotel and conference center components and the AZSTA, along with Global Spectrum, will facilitate some of the joint marketing capabilities that exist. He said the Fiesta Bowl is also involved in marketing for major events.

Mr. Lynch said staff is seeking direction in terms of moving forward with negotiating a development agreement with Mr. Hammons and the Ellman Companies, stating they will then begin work on the financing component for the project. He said they will then move into the planning and construction review processes, with the intent of having the hotel, convention center, and parking garage open in the fall of 2006.

Councilmember Martinez asked if Hammons will own 25 percent of the Conference Center since it is paying 25 percent of the debt service. Mr. Lynch clarified the city will own the facility and Hammons will pay a minimum of 25 percent of the debt service.

Councilmember Clark asked what is the drop-dead date for the start of construction. Mr. Lynch said they intend to work on the financing and construction and design review in tandem. Mr. Hammons acknowledged the hotel and conference center are on the fast track, stating they will have to start construction by the first week of July. He stated they have to be open by late-November or the first of December, 2006 because the Fiesta Bowl takes place January 1.

Mr. Hammons confirmed for Councilmember Martinez the convention center will be owned solely by the city.

Vice Mayor Eggleston welcomed Mr. Hammons. He asked if the media center and parking garage are expected to cost \$8 million each. Mr. Hammons responded yes.

Councilmember Lieberman asked Mr. Hammons if his company would manage the leasing of the conference center. Mr. Hammons answered yes.

Councilmember Clark suggested they work out an arrangement whereby the city gets a certain amount of time for use of the conference center.

Councilmember Frate noted there are few hoteliers who can do what Mr. Hammons is proposing.

Mr. Minton introduced members of their team. He and Scott Tarwater made a slide presentation to the Council describing a sample of the many hotels they own and operate, noting they have opened 30 hotels in the past eight years. Mr. Tarwater noted Mr. Hammons was named the 2003 Hotelier of the World. Mr. Minton stated the proposed hotel will be similar in scale to the hotel in Tulsa. He said the San Francisco project is very similar to the Glendale project in that it is a private/public project with the city, with a 300 plus room hotel, a parking garage and a convention center.

Mr. Minton noted the site plan for the Glendale project only shows one parking structure instead of two, stating having only one parking garage will enable them to do surface parking on the south side of the conference center. He said the plan also shows an interior courtyard area. He reviewed the conceptual floor plan, which includes a total of 320 rooms, a coffee shop/internet café and a health spa. He said the main room of the conference center will be 28,800 square feet and the junior ballroom will be 7,200 square feet. He stated there will also be several small meeting rooms.

Mr. Tarwater pointed out most hotel companies retreated from development after 9-11, but Hammons Hotels opened 14 new hotels since then. Mr. Hammons commented he has been through six major recessions and believes those are the time when people need to get to work.

Vice Mayor Eggleston expressed his opinion the interior of the hotels and the furnishings are very tasteful. He pointed out the Council started pursuing this project after 9-11. Mr. Hammons acknowledged it might not be easy in the beginning and they may not make money for the first few years; stating, however, they can withstand a slow start.

Mayor Scruggs said she likes the architectural interest depicted in the conceptual drawings. Mr. Minton explained they design their hotels from the inside out to ensure the building's form works well.

Mayor Scruggs voiced Council's consensus and directed staff to proceed with the development agreement.

ADJOURNMENT

The meeting was adjourned at 1:35 p.m.